



2012 **Economic Outlook**

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San Diego Association of Governments
January 19, 2012

Big Picture

State of the Recovery

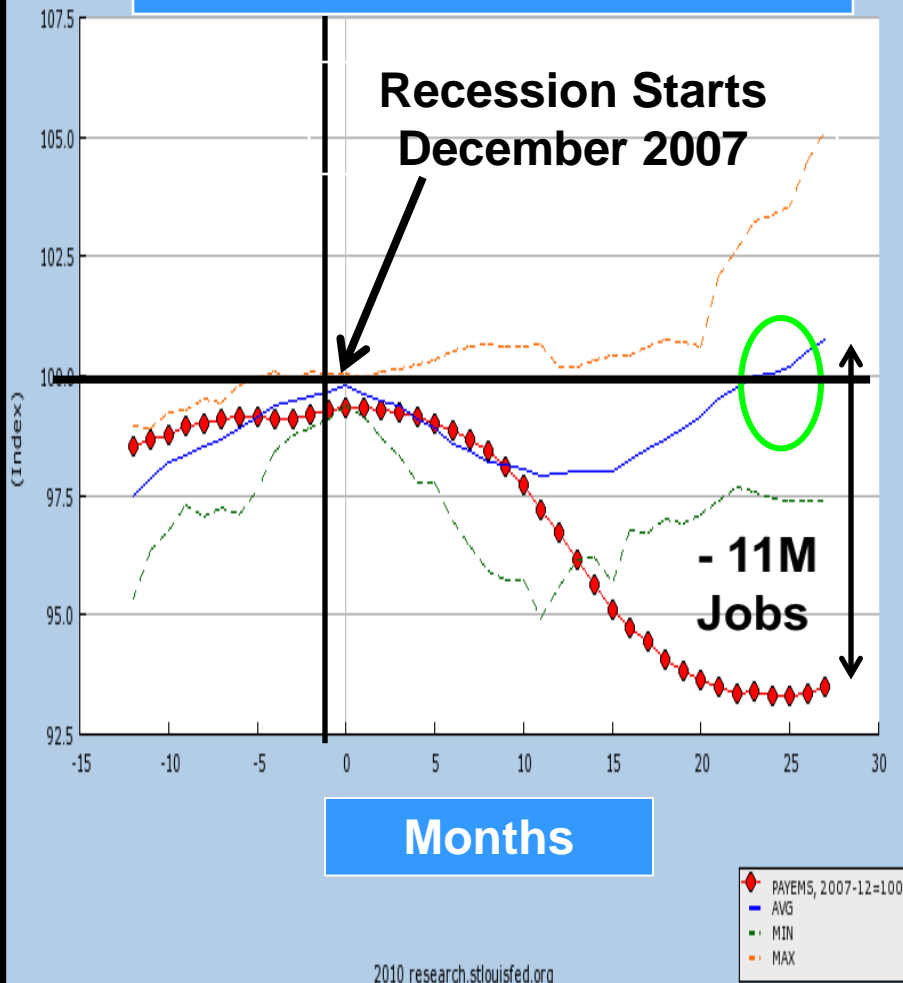
Three Key Growth Trends

- Jobs
- Disposable Income
- Consumption Expenditures

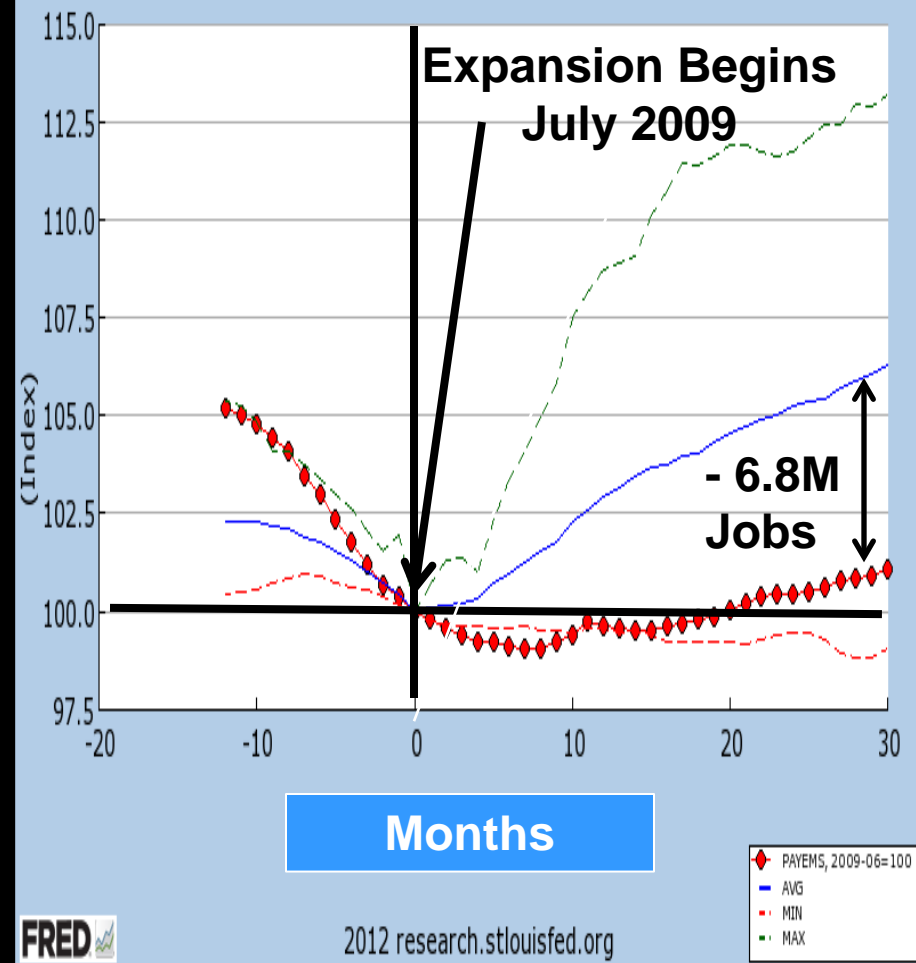
US Change in Payroll Jobs

Steep Drop & Slow Rebound

During Recession



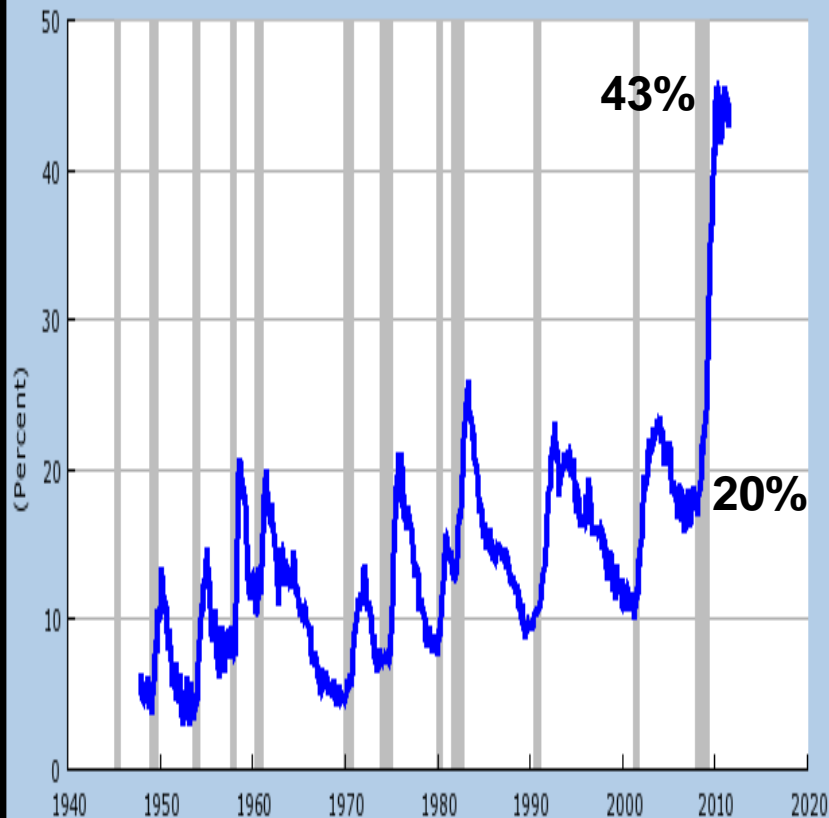
During Expansion



US Effects of Slow Job Growth

Until U Falls Expect More Stimulus Policies

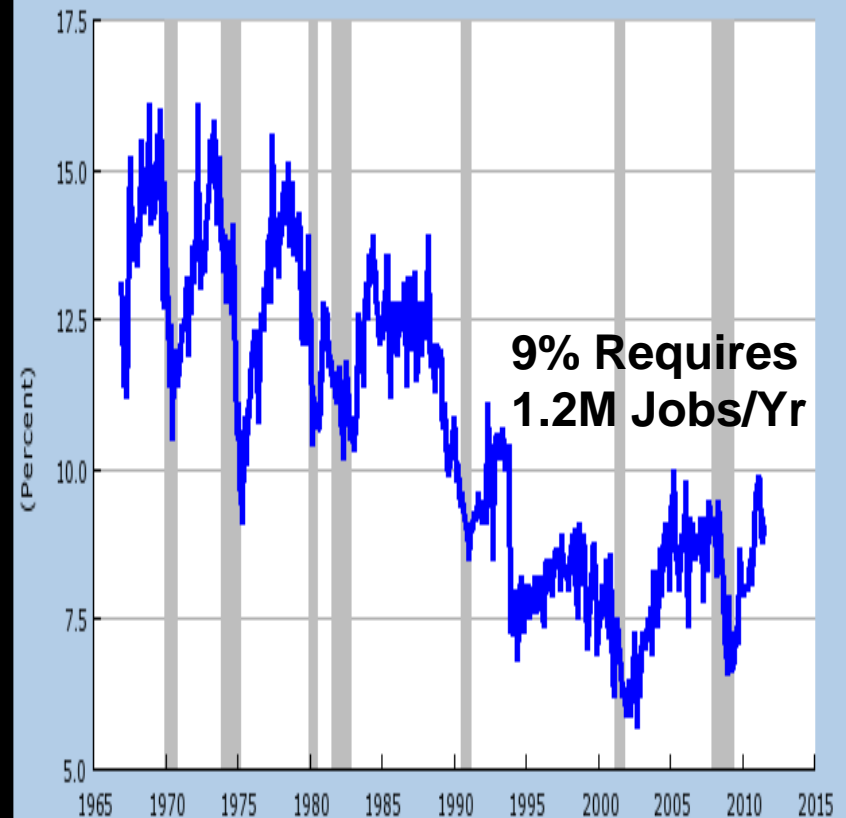
% Unemployed 27 Weeks or More



FRED

Years 1950-2011

% New LF Entrants of Unemployed



FRED

Years 1965-2011

US Change in Disposable Income

Slow Rebound-Gap Widening

During Recession



During Expansion

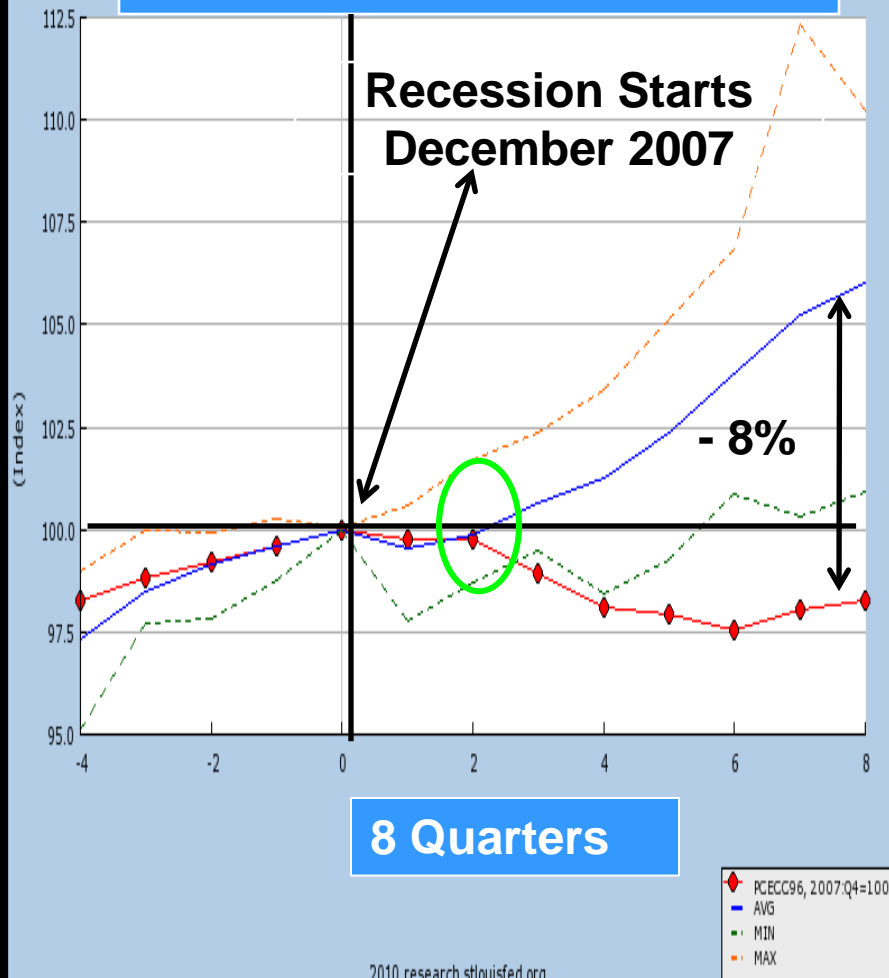


US Change in Consumer Consumption

Consumption Represents 70%+ of GDP

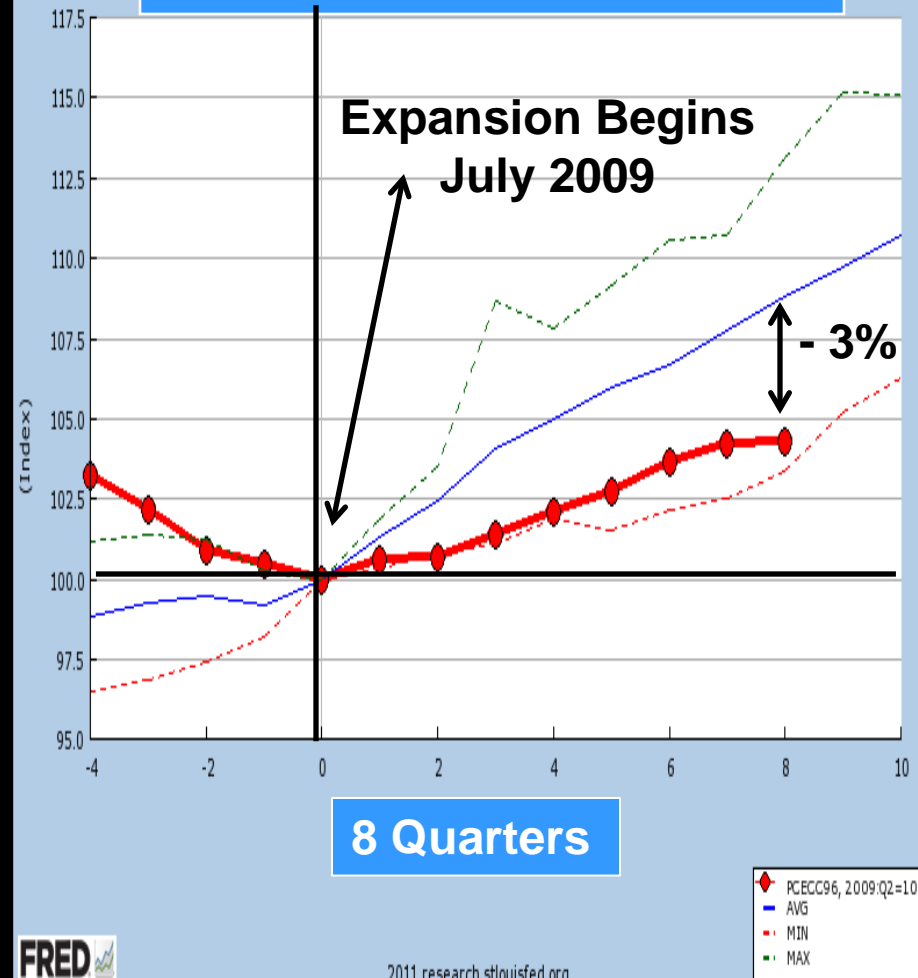
During Recession

**Recession Starts
December 2007**



During Expansion

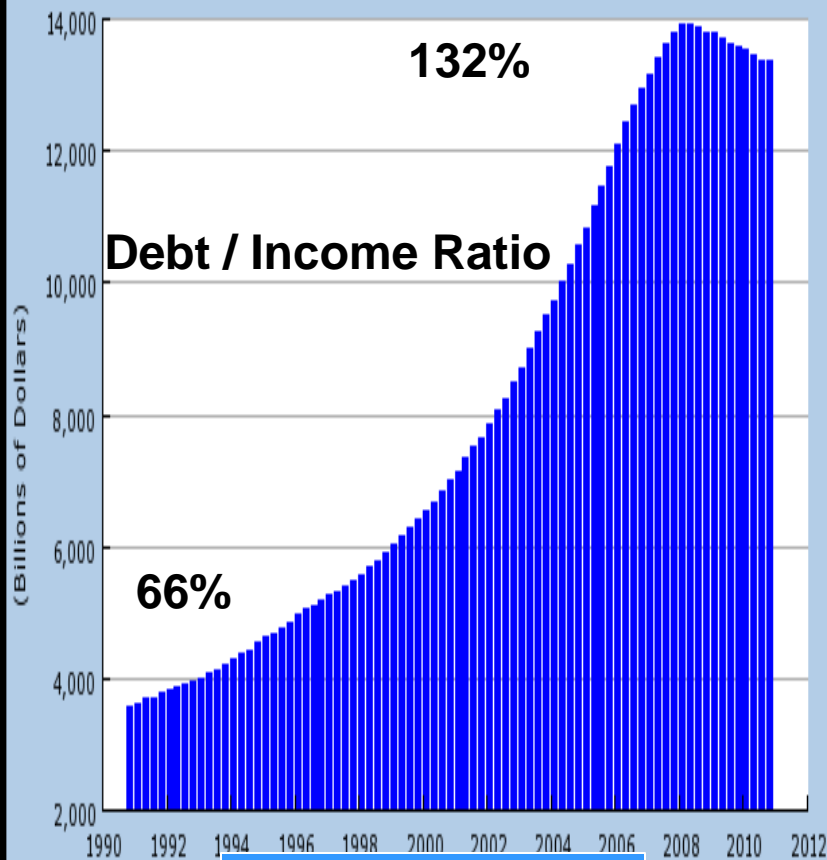
**Expansion Begins
July 2009**



US Why Slow Consumption Growth?

Consumer Spending too High?

Household Credit Debt Outstanding



Personal Savings Rate



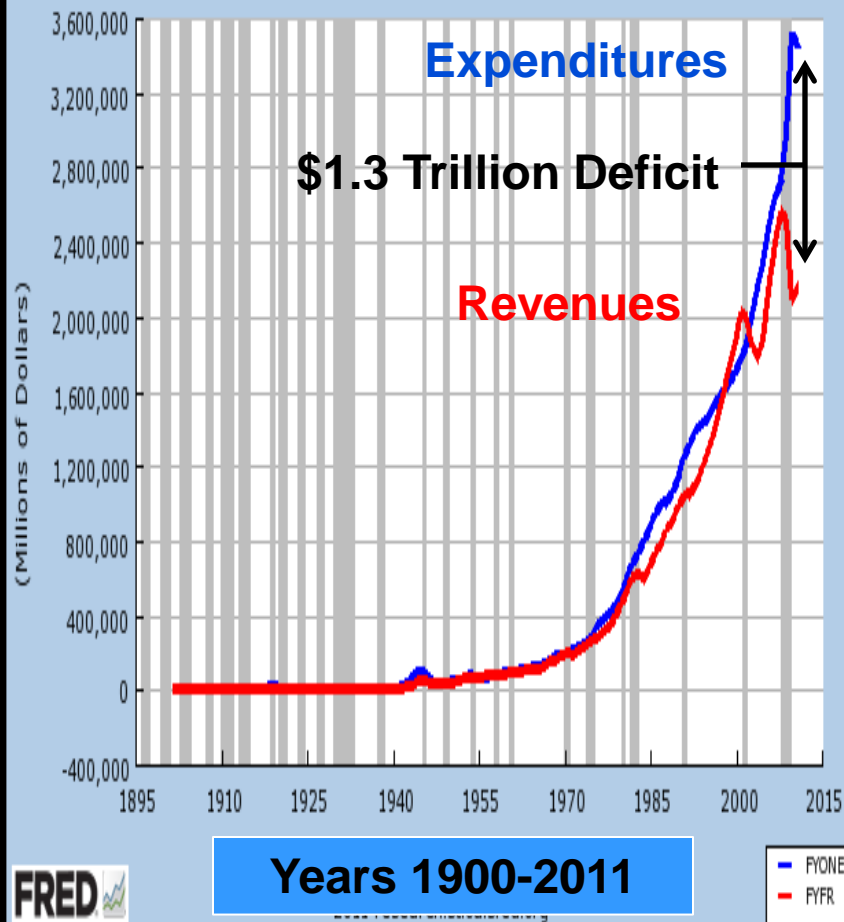
Attempts to Stimulate Growth Have They Worked?

- Increase Deficit Spending
- Increase Loanable Funds
- Lower Interest Rates

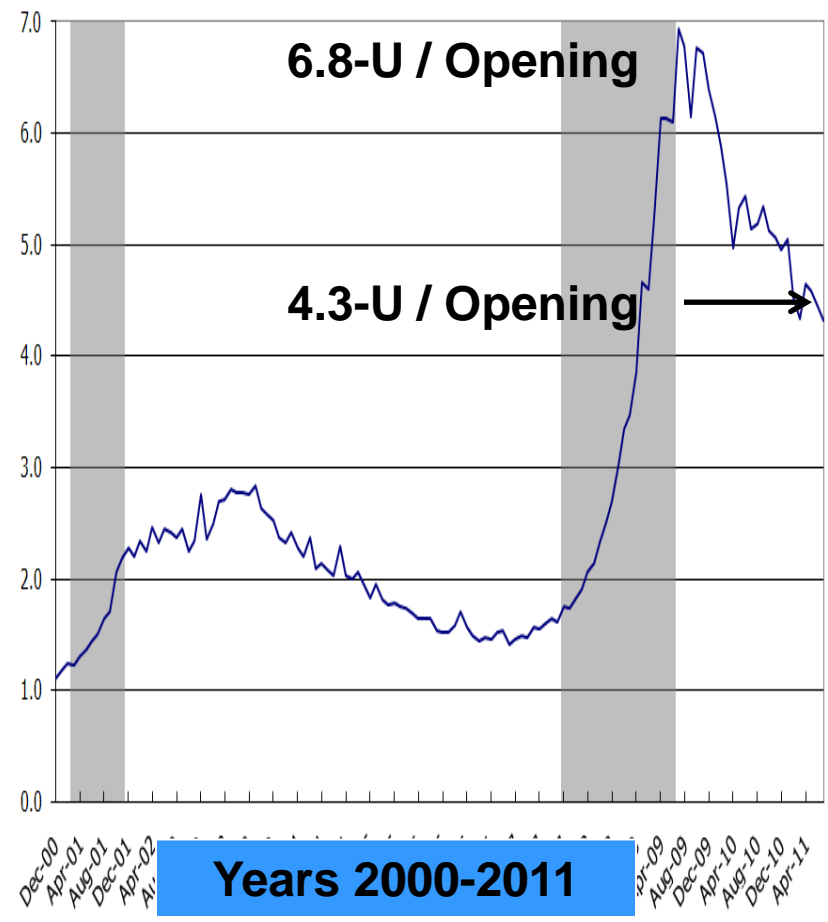
US Deficit Spending & Job Openings

Attempt to Stimulate Growth (1)

Federal Revenue & Expenditures



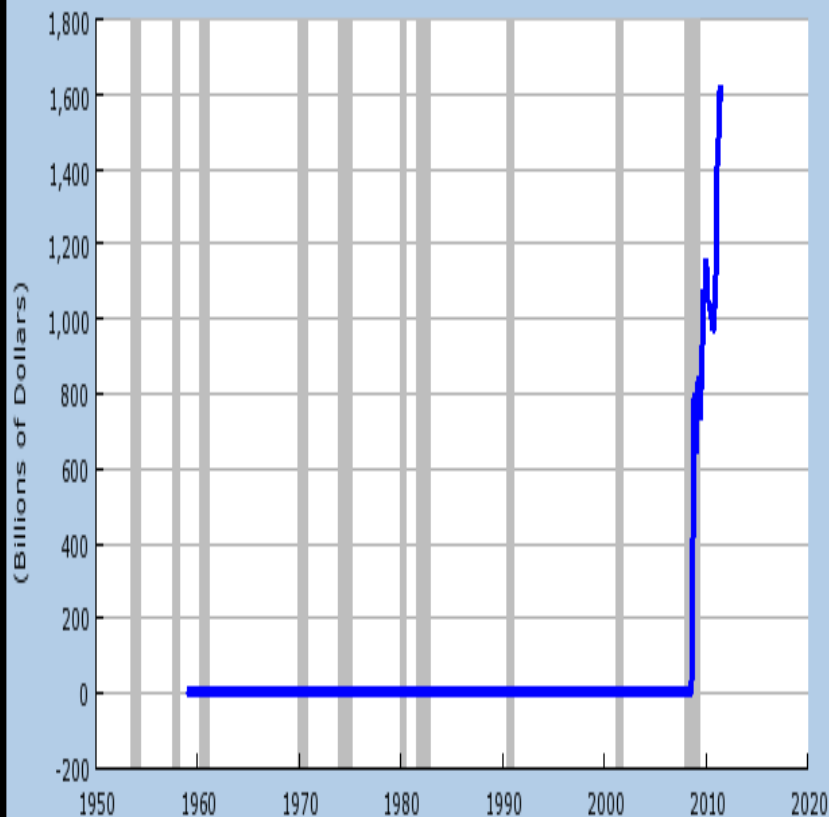
Unemployed Per Job Opening



US Loanable Funds & Loans

Attempt to Stimulate Growth (2)

Excess Bank Reserves

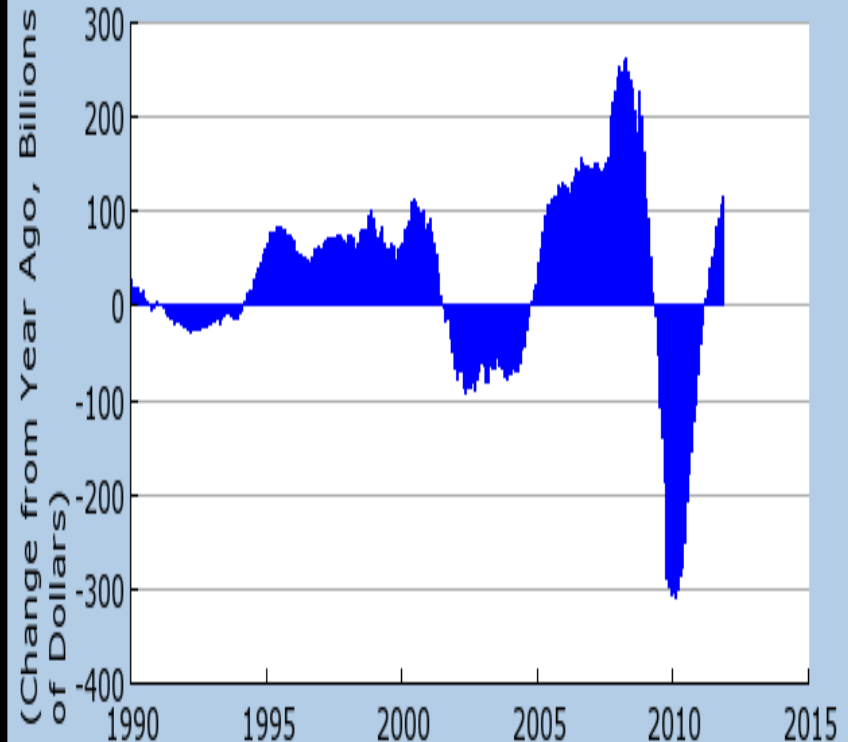


Years 1960-2011



Business Loans Y-O-Y Change

Source: Board of Governors of the Federal Reserve System



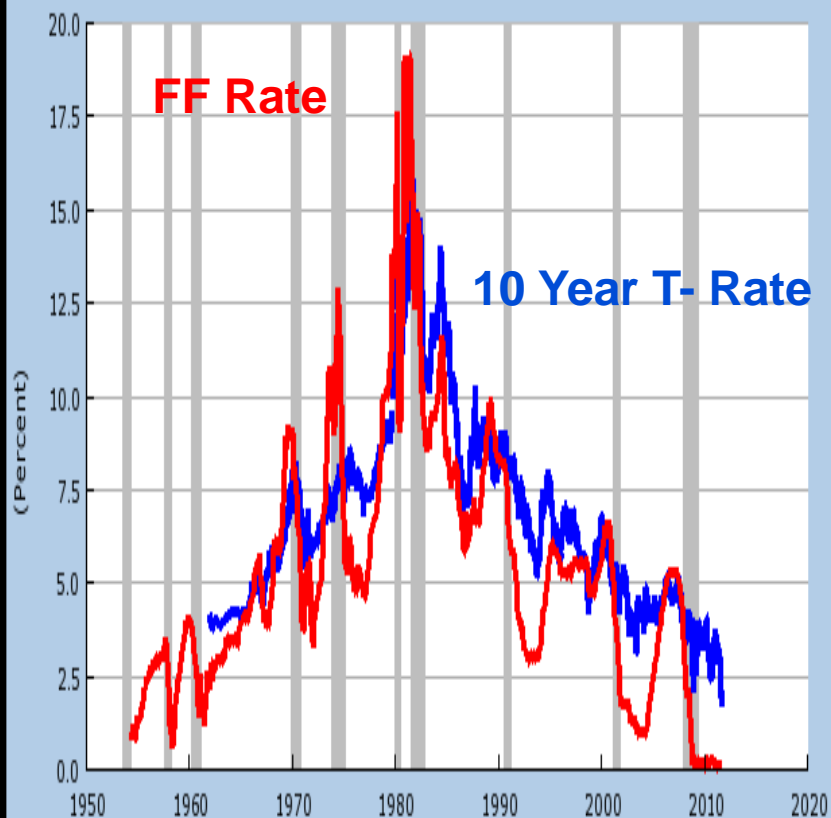
Years 1990-2011



US Interest Rates & Housing Starts

Attempt to Stimulate Growth(3)

Federal Reserve Interest Rates



Years 1955-2011

Legend: DGS10 (blue line), FEDFUNDS (red line)

New Housing Starts

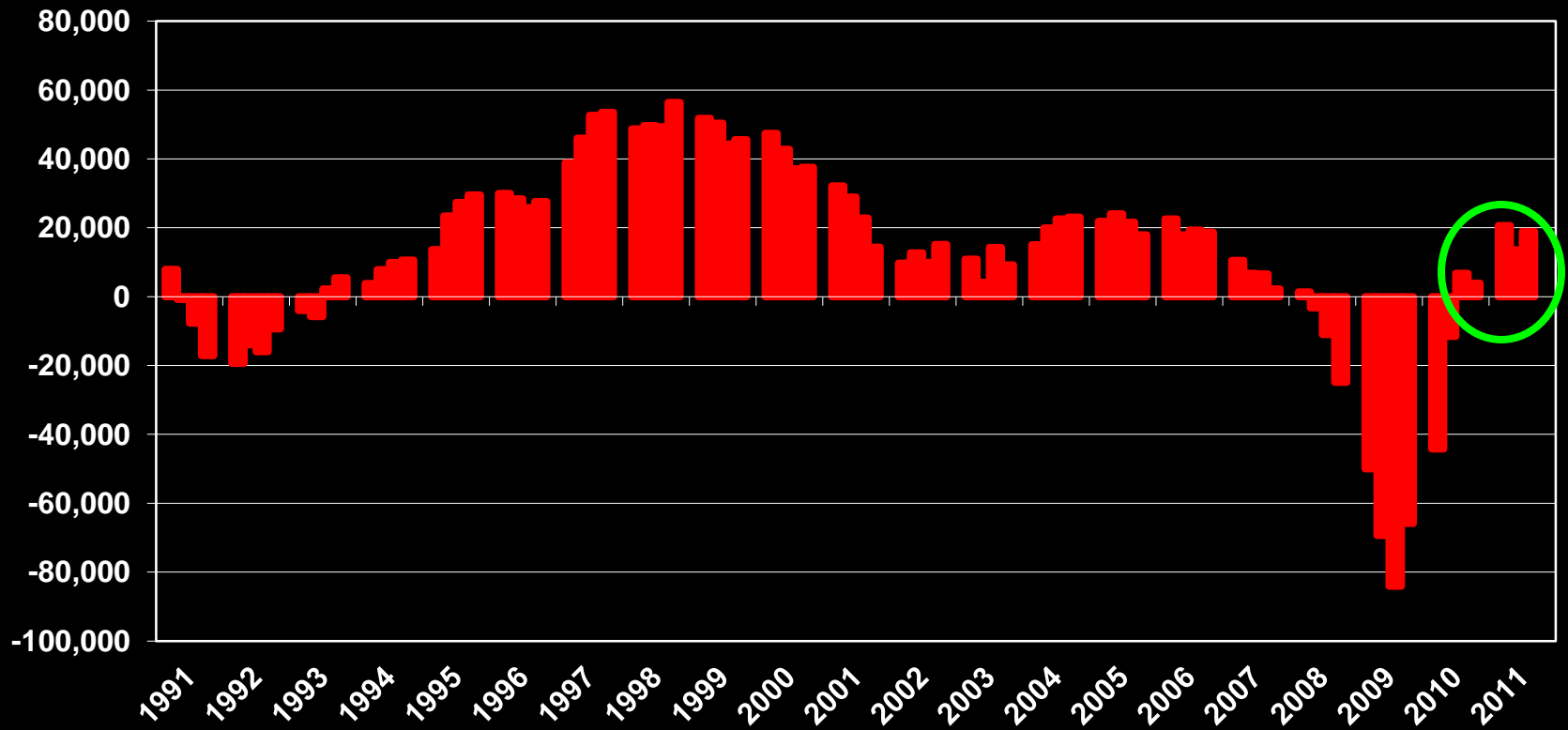


Years 1955-2011

Local Labor Market Concerns

SD Payroll Jobs

Change Y-O-Y by Quarter 1991-2011 Q3



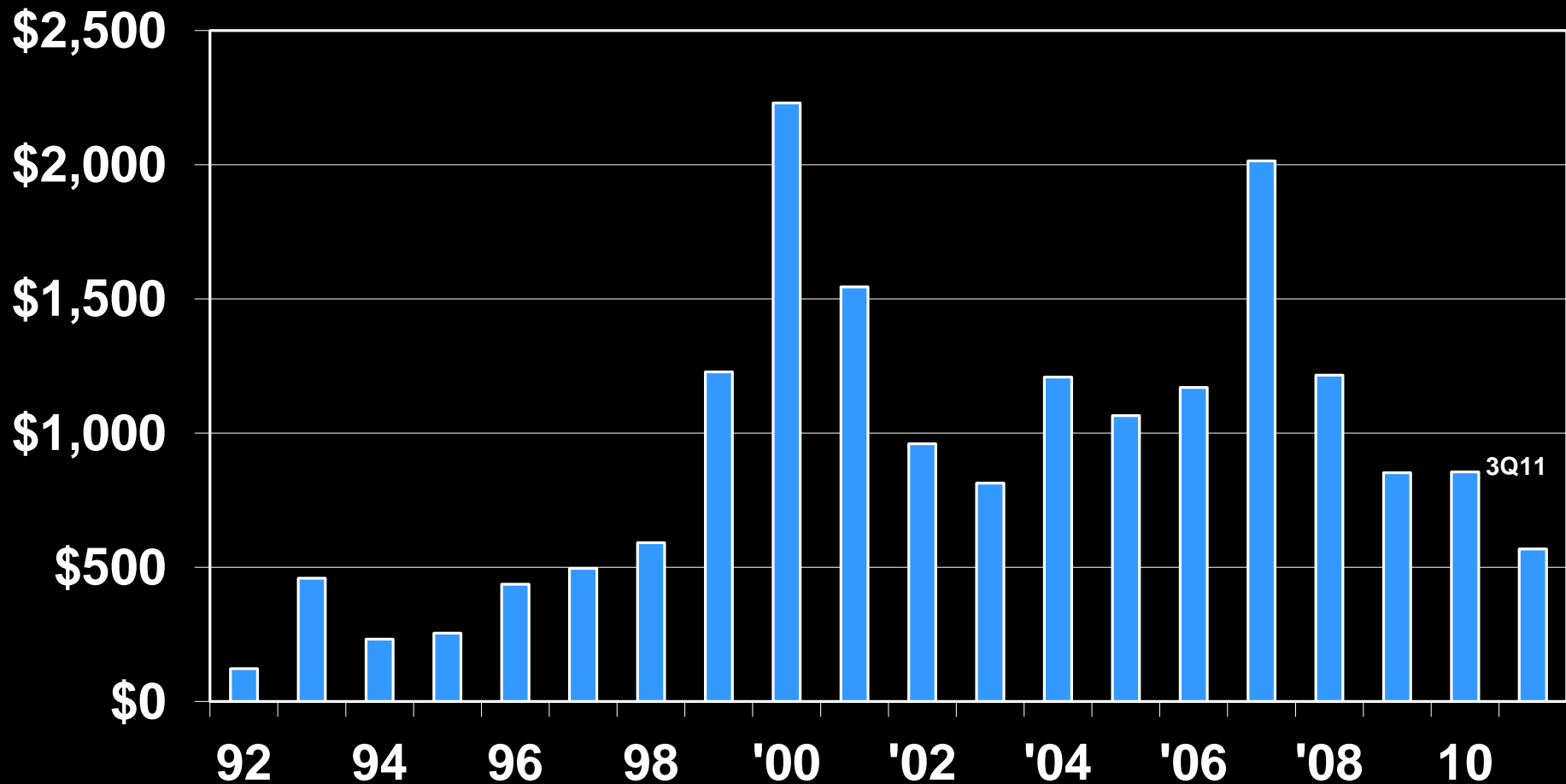
SD Job Change Following 90s & 07 Recession

Percent of Change in Jobs, First 6 Months of Job Growth

	1993	2010
Job Growth/Decline	11,600/-4000	27,600/-15,700
Professional Services	+ 28%	+ 37%
Government	+ 20%	+ 23%
Education & Health Services	+ 18%	+ 19%
Finance	- 75%	- 17%
Construction	+ 7%	- 45%
Information	+ 10%	- 25%
W & R Trade	+ 15%	- 13%

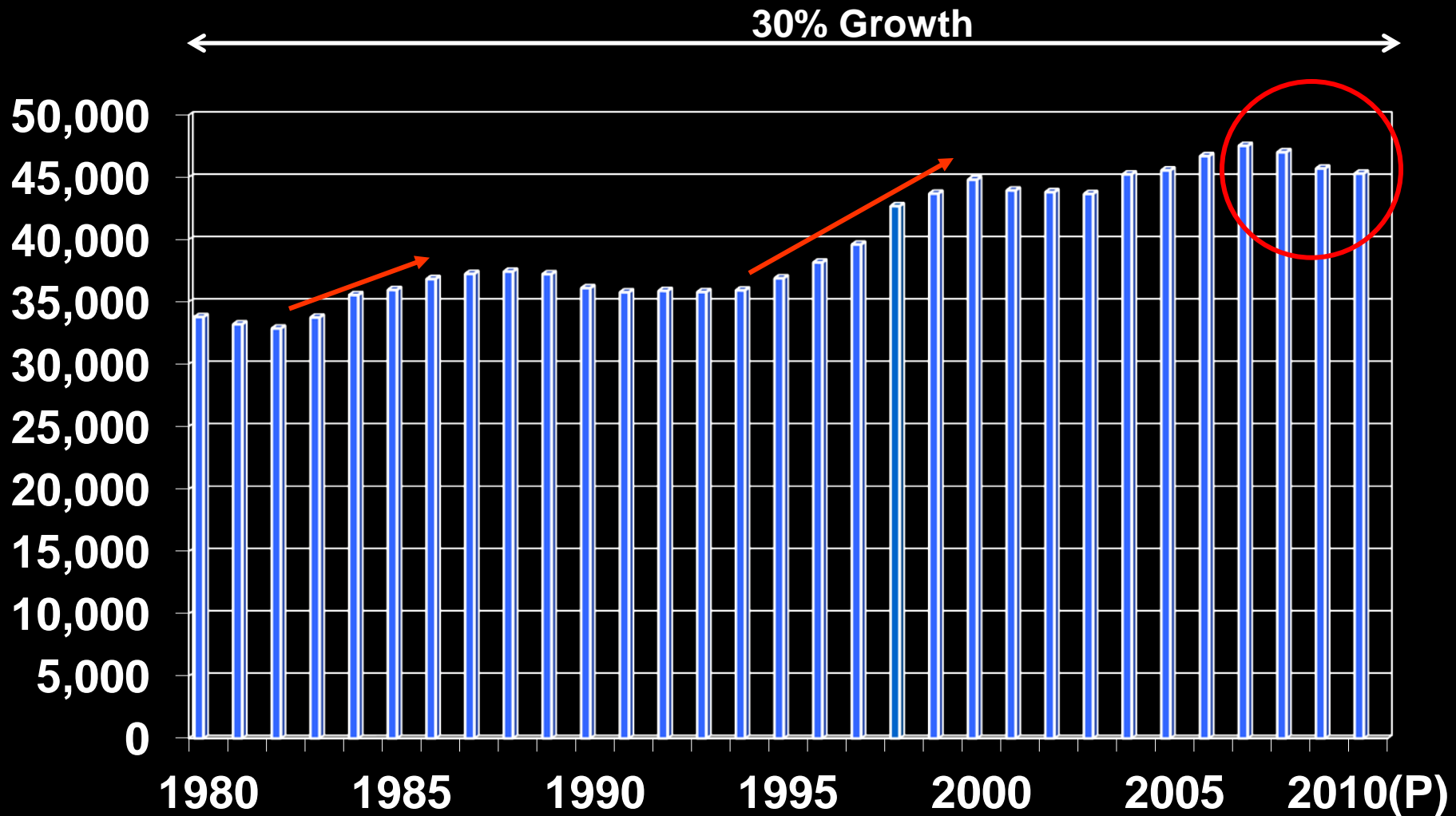
SD Venture Capital Funds

Resources for High Tech Jobs, M\$ per Year



SD Per Capita Income

Real 2009\$, 1980 – 2010



2012 Outlook Summary

“Slower Growth in 2012”

- **National / International**
- No Double-Dip, Not Out of Woods
- Headwinds to Robust Growth
 - Jobs, consumption, income, Europe
- Fiscal & Monetary Policy-Working?
- **San Diego**
- Job Growth 1%; U-rate 8.5%
- Home Price -5%; -Ownership Rates
- Defense-Military Cutbacks?





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